

Message Text

LIMITED OFFICIAL USE

PAGE 01 MTN GE 00693 01 OF 03 301924Z

63

ACTION STR-04

INFO OCT-01 ISO-00 IO-11 OIC-02 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02

OMB-01 AF-06 ARA-06 EA-07 EUR-12 NEA-10 STRE-00 /135 W

----- 110040

R 301830Z JAN 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 1088

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

AMEMBASSY BRASILIA

LIMITED OFFICIAL USE SECTION 1 OF 3 MTN GENEVA 0693

ACTION STR

PASS AGRICULTURE, H PASS CODEL

E.O. 11652: N/A

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MTN GE 00693 01 OF 03 301924Z

TAGS: ETRD, MTN

SUBJECT: MTN SUBGROUP GRAINS - JANUARY 22-29 MEETING

REF: STATE 013448, MTN GENEVA 8109

1. SUMMARY. THE FOURTH MEETING OF THE SUBGROUP GRAINS TOOK PLACE IN A COOPERATIVE ATMOSPHERE. THE WORK OF THE GROUP CENTERED ON THE EXAMINATION OF THE TRADING AND SUPPORT SYSTEMS FOR GRAINS OF ELEVEN COUNTRIES INCLUDING THE U.S. AND THE EC; AND ON A PARTIAL CLARIFICATION OF THE EC'S PROPOSAL FOR AN INTERNATIONAL GRAINS AGREEMENT. THE SUBGROUP RECOGNIZED THE NEED FOR HOLDING INFORMAL BILATERAL AND PLURILATERAL DISCUSSIONS PRIOR TO ITS NEXT MEETING SCHEDULED FOR MAY 24. AT THIS MEETING THE EXAMINATION OF THE GRAIN TRADING SYSTEMS OF A NUMBER OF COUNTRIES (AMONG WHICH CANADA AND AUSTRALIA) WILL BE CONTINUED, AND THE THREE INTERRELATED TOPICS OF LIBERALIZATION, STABILIZATION AND LDC TREATMENT WILL BE FURTHER DISCUSSED. IN THIS CONTEXT, LIBERALIZATION, VARIOUS ASPECTS OF CONCESSIONAL SALES AND LDC INTERESTS ARE TO RECEIVE PRIMARY ATTENTION. BRAZIL AND INDIA PARTICIPATED ACTIVELY IN THE SUBGROUP'S WORK FOR THE FIRST TIME. THE CHAIRMAN WILL CIRCULATE A BRIEF REPORT OF THE MEETING. END SUMMARY.

2. THE SUBGROUP GRAINS MET JANUARY 22-29. IN ACCORDANCE WITH THE AGREEMENT REACHED AT ITS LAST SESSION (MTN/GR/3), THE GROUP REVIEWED THE DOCUMENTATION ON GRAINS (MTN/GR/W/8 REV. 1) AND EMBARKED ON A MULTILATERAL CROSS-EXAMINATION OF THE GRAIN POLICIES OF THE FOLLOWING COUNTRIES: JAPAN, SWITZERLAND, AUSTRIA, EC, U.S., SPAIN, FINLAND, SWEDEN, NORWAY, ROMANIA AND ARGENTINA. THE GROUP CONTINUED THE DISCUSSIONS OF VARIOUS ELEMENTS OF THE THREE CATEGORIES OF INTERRELATED TOPICS: STABILIZATION, LIBERALIZATION AND LDC TREATMENT. IN THIS CONTEXT THE EC ELABORATED ON ITS ORIGINAL PROPOSAL FOR A COMMODITY AGREEMENT BY TENTATIVELY INDICATING THE PRICE RANGES WHICH SUCH AN AGREEMENT MIGHT CONTAIN.

3. THE EXAMINATION OF GATT DOCUMENT MTN/GR/W/8/REV. 1 WAS CONDUCTED CHAPTER BY CHAPTER WITH ONLY PASSING COMMENTS ON THE TRADE AND PRICE STATISTICS IN CHAPTERS A AND B. EC AND U.S. AGREED TO FURNISH DATA ON AVERAGE PRICES FOR 1974/75 MISSING LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MTN GE 00693 01 OF 03 301924Z

FROM PAGES 92 AND 96. THE EXAMINATION OF VARIOUS COUNTRIES' IMPORT, EXPORT, AND DOMESTIC POLICIES TOOK UP A LARGE PART OF THE MEETING. IT WAS CONDUCTED IN A FRIENDLY MANNER. UNLIKE IN PREVIOUS MEETINGS DELEGATIONS GENERALLY ABSTAINED FROM ASKING EMBARRASSING QUESTIONS. THE REVIEW OF THE VARIOUS TRADING SYSTEMS ADDED LITTLE TO THE INFORMATION ALREADY AVAILABLE BUT HIGHLIGHTED ANEW THE FACT THAT MOST OF THE WORLD'S GRAIN IMPORTS ARE SUBJECT TO VERY STRICT CONTROLS; THAT STATE

TRADING PLAYS A MAJOR ROLE IN THE WORLD'S GRAIN TRADE; AND THAT VARIABLE IMPORT LEVIES AND EXPORT SUBSIDIES ARE TRADE MEASURES USED BY MANY OTHER COUNTRIES BESIDES THE EC.

4. THE CROSS-EXAMINATION OF THE CAP FOR GRAINS FOLLOWED A WELL-WORN PATTERN. THE EC DELEGATION (JACQUOT AND DE BRUBEN) OFTEN GAVE EVASIVE REPLIES OR ANSWERED QUESTIONS BY POSING COUNTER-QUESTIONS. FOR INSTANCE, WHEN U.S. DEL (KOENIG) STATED THAT CAP PREVENTS PRICE COMPETITION BECAUSE FOREIGN GRAINS DUE TO LEVY CANNOT BE SOLD WITHIN THE COMMUNITY BELOW THE THRESHOLD PRICE, THE EC DEL ASSERTED THAT LARGE QUANTITIES OF CORN ENTER THE COMMUNITY BELOW THE THRESHHOLD PRICE. WHEN ASKED TO SUBSTANTIATE THIS ASERTION, THE EC STATED THAT THE U.S. IS CAPABLE OF FURNISHING STATISTICAL EVIDENCE OF THIS FACT ITSELF. IN REPLY TO A QEUSTION AS TO WHETHER THE EC HAS A DEFINITE POLICY GOAL WHEN SUBSIDIZING FLOUR EXPORTS, THE EC DEL REPLIED THAT FLOUR IN THE COMMUNITY IS PRODUCED IN EXCESS OF DOMESTIC DEMAND PRIMARILY BECAUSE OF THE COMMUNITY'S NEED FOR MILLING BY-PRODUCTS WHICH ARE USED AS FEEDSTUFF. THUS ACCORDING TO EC DEL, FLOUR IS A BY-PRODUCT OF THE MILLING OF WHEAT (SIC). HOWEVER, THE EC DEL EXPRESSED READINESS TO ENTER COMMITMENTS ON FLOUR EXPORT SUBSIDIES.

5. MANY OF THE QUESTION ADDRESSED TO THE U.S. DEALT WITH THE CONDITIONS UNDER WHICH THE U.S. COULD OR WOULD REINSTITUTE EXPORT SUBSIDIES FOR GRAINS. IN THIS CONTEXT, THE EC AND ARGENTINE DEL (ARLIAS) ASKED WHETHER IN CASE WORLD MARKET PRICES AND DOMESTIC PRICES WERE BELOW U.S. TARGET PRICE LEVEL AND DEFICIENCY PAYMENTS WERE MADE, SUCH PAYMENTS COULD BE CONSIDERED AS EXPORT SUBSIDIES. IN REPLY U.S. DEL STRESSED THAT IT IS NOT THE INTENTION OF THE U.S. GOVERNMENT TO REINSTATE EXPORT SUBSIDIES FOR GRAINS. U.S. DEL SAID THAT THE ASSUMPTION THAT WORLD MARKET PRICES COULD BE BELOW THE LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 MTN GE 00693 01 OF 03 301924Z

PRESENT U.S. TARGET PRICE IS HIGHLY HYPOTHETICAL AND SO IS THE QUESTION AS TO WHETHER UNDER SUCH CONDITIONS DEFICIENCY PAYMENTS WOULD REPRESENT EXPORT SUBSIDIES. U.S. DEL POINTED OUT THAT CURTAILMENT OF DOMESTIC PRODUCTION COULD BE AN ALTERNATIVE TO DECLINING PRICES. IN THIS CASE, THE QUESTION OF EXPORT SUBSIDIES MIGHT NOT ARISE. THE JAPANESE DEL (YOSHIKUNI) WISHED TO KNOW WHETHER THE U.S. GOVERNMENT HAS THE MEANS OF INFLUENCING PRIVATE FIRMS TO DIRECT THEIR SALES TO SPECIFIC DESITNATIONS AND WHETHER THE U.S. CAN LIVE UP TO INTERNATIONAL SUPPLY COMMITMENTS. U.S. DEL REPLIED THAT THE U.S. WOULD NOT ENTER A COMMITMENT IF IT WERE UNABLE TO LIVE UP TO IT. THE U.S. GRAIN TRADE IS INDEPENDENT FROM THE U.S. GOVERNMENT. IF U.S. MAINTAINS ITS FULL PRODUCTIVE POTENTIAL, IT WILL BE CERTAINLY ABLE TO LIVE UP TO ITS SUPPLY COMMITMENTS. EC DELEGATION ASKED WHETHER THE U.S. INTENDS TO

NOTIFY GATT THAT THE SECTION 22 WAIVER IS NO LONGER NECESSARY
IN VIEW OF THE FACT THAT THE U.S. HAS SUSPENDED QR'S ON
WHEAT SINCE 1974. U.S. REPLIED THAT THE U.S. CONSTANTLY
REVIEWS THE CIRCUMSTANCES UNDER WHICH THE WAIVER IS
REQUIRED AND THAT THE FACT THAT THE U.S. HAS SUSPENDED
IMPORT QUOTAS SHOULD BE VIEWED AS A STEP TOWARD LIBERALIZATION.
U.S. DEL FURTHER POINTED OUT THAT IMPORT RESTRICTIONS ON

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 MTN GE 00693 02 OF 03 302014Z

63

ACTION STR-04

INFO OCT-01 ISO-00 IO-11 OIC-02 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02

OMB-01 AF-06 ARA-06 EA-07 EUR-12 NEA-10 STRE-00 /135 W

----- 110866

R 301825Z JAN 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 1089

INFO AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

LIMITED OFFICIAL USE SECTION 2 OF 3 MTN GENEVA 0693

ACTION STR

PASS AGRICULTURE, H PASS CODEL

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MTN GE 00693 02 OF 03 302014Z

WHEAT WERE NOT UNDERTAKEN FOR PROTECTIVE PURPOSES BUT RATHER TO PREVENT INTERFERENCE WITH DOMESTIC PROGRAMS INTENDED TO REDUCE PRODUCTION. AUSTRALIA ASKED WHETHER IMPORT RESTRICTIONS PREVENTING INTERFERENCE WITH DOMESTIC PRODUCTION CONTROLS SHOULDN'T BE UNDERTAKEN UNDER ARTICLE 11 OF GATT RATHER THAN UNDER THE UMBRELLA OF THE GATT WAIVER. U.S. REPLIED THAT ARTICLE 11 IS OPEN TO DIFFERENT INTERPRETATIONS AND THAT IT CANNOT BE STATED WITH CERTAINTY THAT AN ACTION TO PREVENT INTERFERENCE WITH DOMESTIC PRODUCTION CONTROLS WOULD FALL UNDER ARTICLE 11. IN REPLY TO AN EC QUESTION AS TO WHETHER U.S. DEL COULD AGREE THAT PROVISIONS OF P.L. 480 BE MADE THE SUBJECT OF INTERNATIONAL NEGOTIATIONS, THE U.S. DEL REPLIED THAT P.L. 480 IS AN INTERNAL U.S. LAW AND THEREFORE NOT NEGOTIABLE BUT THAT IT IS CONCEIVABLE THAT THE SUBJECTS WITH WHICH THIS LAW DEALS COULD BE INTERNATIONALLY NEGOTIATED. IN REPLY TO EC QUESTION WHETHER P.L. 480 SALES ARE NOT A DISGUISED FORM OF EXPORT SUBSIDIES, U.S. REPLIED THAT IT IS PROUD OF ITS P.L. 480 PROGRAM SINCE THIS PROGRAM HAS ASSISTED THE DEVELOPMENT OF MANY COUNTRIES AROUND THE GLOBE. SINCE P.L. 480 AID HAS ALSO BENEFITTED THE DEVELOPMENT OF COUNTRIES WHICH ARE TODAY MEMBERS OF THE EEC, THE EC DEL WILL BE ABLE TO APPRECIATE THE DIFFERENCE BETWEEN AID AND DISGUISED EXPORT SUBSIDIZATION.

6. FOLLOWING THE REVIEW OF THE VARIOUS GRAIN TRADING AND SUPPORT SYSTEMS, THE EC GAVE A LENGTHY EXPLANATION OF ITS PROPOSAL FOR AN INTERNATIONAL GRAINS AGREEMENT. THE EC STATEMENT WHICH PURPORTED TO FILL THE QUOTE EMPTY BOXES UNQUOTE OF ITS ORIGINAL PROPOSAL (SEE REF B) WAS VERY LONG-WINDED. THE EC TACTIC WAS OBVIOUSLY TO HOLD THE FLOOR AS LONG AS POSSIBLE SO AS TO CONVEY THE IMPRESSION OF MAKING A VERY SUBSTANTIVE CONTRIBUTION TO THE DEBATE ON COMMODITY AGREEMENTS. ALSO, THE EC APPARENTLY WAS AT PAINS TO ALLEVIATE U.S. CONCERNS THAT PRICES FIXED BY AGREEMENT WOULD NECESSARILY FAIL TO REFLECT THE TRUE MOVEMENT OF MARKET FORCES. IN SUBSTANCE, HOWEVER, THE COMMUNITY'S CONTRIBUTION TO ENLARGING AND CLARIFYING ITS ORIGINAL PROPOSAL FOR A GRAINS COMMODITY AGREEMENT WAS ESSENTIALLY LIMITED TO ADVANCING FIGURES FOR THE MAXIMUM AND MINIMUM PRICES AS WELL AS FOR THE QUOTE INNER PRICE RANGE UNQUOTE WHICH WOULD BE CONTAINED IN A NEW AGREEMENT. ALL OTHER EXPLANATIONS

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MTN GE 00693 02 OF 03 302014Z

GIVEN BY EC DEL WERE REPETITIONS OF STATEMENTS MADE
PREVIOUSLY AND CONTAINED IN MTN/GR/W/1.

7. SUBJECT TO THE REPEATED PROVISIO THAT THE FIGURES ADVANCED BY THE COMMUNITY SHOULD NOT BE CONSIDERED AS AN OFFICIAL PROPOSAL BUT RATHER AS TENTATIVE IDEAS BASED ON PRESENT CONDITIONS WHICH MIGHT BE ENTIRELY DIFFERENT, QUOTE IN 20 MONTHS FROM NOW OR AT THE END OF 1977 UNQUOTE WHEN A COMMODITY AGREEMENT MIGHT BE FINALIZED, THE EC DEL STATED THAT THE MINIMUM PRICE COULD RANGE BETWEEN \$80-100 PER METRIC TON OF WHEAT AND THE MAXIMUM PRICE BETWEEN \$180-205 PER METRIC TON. THE WHEAT IN QUESTION WOULD BE U.S. HARD WINTER NUMBER TWO. THESE PRICES SHOULD BE CONSIDERED AS SAFEGUARD OR EMERGENCY PRICES BUT ALSO AS REFERENCE POINTS FROM WHICH A NARROWER RANGE OF PRICES SHOULD BE DERIVED. THIS NARROW PRICE RANGE WOULD BE AROUND \$30 PER METRIC TON. MARKET PRICES SHOULD FLUCTUATE WITHIN THIS NARROW PRICE RANGE WHICH COULD BE BETWEEN \$140-170 PER METRIC TON. IF MARKET PRICES WERE TO MOVE TOWARD THE LOWER LEVEL OF THE INNER PRICE RANGE, MEASURES SHOULD BE TAKEN TO PREVENT A FURTHER DECLINE. THE CONVERSE WOULD BE TRUE IN CASE PRICES MOVED TOWARD THE UPPER LIMIT OF THE INNER PRICE RANGE. EC DEL STRESSED THAT THE PRICE MECHANISM IT ENVISAGES SHOULD HAVE A MAXIMUM OF FLEXIBILITY IN ORDER TO REFLECT CHANGING MARKET CONDITIONS. THEREFORE, THE PRICES SET IN ANY NEW AGREEMENT SHOULD BE SUSCEPTIBLE TO REVISIONS IN THE COURSE OF THE LIFE OF THE AGREEMENT SO AS TO TAKE ACCOUNT OF CHANGES IN THE UNDERLYING CONDITIONS.

8. AT THE MAXIMUM PRICE EXPORTERS WOULD BE OBLIGATED TO SELL A CERTAIN VOLUME OF GRAINS TO IMPORTERS PARTICIPATING IN THE AGREEMENT. AT THE MINIMUM PRICE, IMPORTERS WOULD HAVE TO GIVE PRIORITY IN THEIR PURCHASES TO THE EXPORTERS PARTICIPATING IN THE AGREEMENT. HOWEVER, THERE WOULD BE NO VOLUME COMMITMENT IF THE MINIMUM PRICE APPLIES. EC DEL EXPLAINED THAT IT ARRIVED AT THE PRICE RANGE BY PROCEEDING FROM THE MINIMUM PRICE. THIS PRICE, ACCORDING TO THE EC, IS TO BE THE PRICE BELOW WHICH EFFICIENT EXPORTERS WOULD NOT FIND IT PROFITABLE TO SELL AND THEREFORE TO PRODUCE. THE MINIMUM PRICE OF \$80 PER MT IS MORE OR LESS SET WITH REFERENCE TO THE PRESENT U.S. TARGET PRICE OF \$75. THE EC DEL STATED THAT BY CONTRAST

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 MTN GE 00693 02 OF 03 302014Z

IT IS IMPOSSIBLE TO APPLY OBJECTIVE CRITERIA ON THE BASIS OF

WHICH THE MAXIMUM PRICE COULD BE SET. THUS, THE MAXIMUM
PRICE ADVANCED BY THE EC IS BASED ON PRAGMATIC CONSIDERATIONS
AND REFLECTS MORE OR LESS PRESENT MARKET CONDITIONS.

LIMITED OFFICIAL USE

NNN

LIMITED OFFICIAL USE

PAGE 01 MTN GE 00693 03 OF 03 301958Z

63

ACTION STR-04

INFO OCT-01 ISO-00 IO-11 OIC-02 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02 INR-07

INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02

OMB-01 AF-06 ARA-06 EA-07 EUR-12 NEA-10 STRE-00 /135 W

----- 110520

R 301825Z JAN 76

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 1090

INFO AMEMBASSY BONN

AMEMBASSY BRASILIA

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY BUENOS AIRES

AMEMBASSY CANBERRA

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY NEW DELHI

AMEMBASSY OTTAWA

AMEMBASSY PARIS

USMISSION OECD PARIS

AMEMBASSY ROME

AMEMBASSY TOKYO

LIMITED OFFICIAL USE SECTION 3 OF 3 MTN GENEVA 0693

ACTION STR

PASS AGRICULTURE, H PASS CODEL

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 MTN GE 00693 03 OF 03 301958Z

9. EC DEL WAS AT PAINS TO INDICATE THAT THE PRICES OF THE INNER RANGE WOULD BE IN THE FIRST PLACE PRICE LEVELS TRIGGERING CONSULTATIONS. FOLLOWING THESE CONSULTATIONS, VARIOUS MEASURES COULD BE TAKEN IN ORDER TO KEEP MARKET PRICES WITHIN THE INNER PRICE RANGE. MOST PROMINENT AMONG SUCH MEASURES WOULD BE STOCKING AND A DESTOCKING OPERATIONS. HOWEVER, THE EC DEL, IN SPITE OF REPEATED QUESTIONING, WAS UNWILLING AND APPARENTLY UNABLE TO EXPLAIN THE MECHANISM OF THE STOCKING OPERATIONS, THE SIZE OF THE STOCKS REQUIRED AND THE DISTRIBUTION OF THESE STOCKS AMONG THE PARTICIPATING COUNTRIES. HOWEVER, THE EC DEL STATED THAT THE STOCKS SHOULD BE NATIONALLY HELD BUT MANAGED ON THE BASIS OF CONCERTED RULES.

10. THE U.S. DEL THANKED THE EC FOR ITS EFFORTS TO GIVE A MORE CONCRETE CONTENT TO ITS ORIGINAL PROPOSAL. WE STATED THAT WE WILL REPORT EC IDEAS TO OUR AUTHORITIES FOR FURTHER STUDY. MOST OTHER DELEGATIONS WERE ALSO APPRECIATIVE OF EC EXPLANATIONS. ARGENTINA, CANADA (MINOR) AND AUSTRALIA (SPENCER) GAVE QUALIFIED APPROVAL TO EC PROPOSAL. BRAZILIAN DEL (GARCA LIMA) ON THE OTHER HAND WAS VERY CRITICAL AND CHARACTERIZED EC PROPOSAL AS BEING EMPTY AND NON-SUBSTANTIVE. MOREOVER, BRAZILIAN DEL STATED THAT HE IS STILL UNCONVINCED THAT THE PRICE ARRANGEMENT FOR GRAINS WOULD BE THE BEST SOLUTION FOR THE LIBERALIZATION OF TRADE IN THIS SECTOR AND THAT HE FAILED TO SEE HOW THE EC'S PROPOSAL COULD ADD STABILITY TO THE WORLD MARKET. HE ALSO SAID THAT BRAZIL HAS DOUBTS WHETHER THE MTN SUBGROUP GRAINS IS THE PLACE TO NEGOTIATE A PRICE ARRANGEMENT.

11. INDIA (SHARMA) SAID THAT IN GENERAL IT COULD AGREE WITH THE EC APPROACH BUT THAT IT HAD SEVERAL SPECIFIC SUGGESTIONS TO MAKE: (A) WHILE INDIA COULD GO ALONG WITH A PRICE MECHANISM, THE RANGE SHOULD BE HALF AS LARGE AS THAT SUGGESTED BY THE EC; (B) THE MINIMUM PRICE SHOULD BE THE HIGHEST OF THE VARIOUS SUPPORT PRICES IN THE WORLD AND THE MAXIMUM PRICE SHOULD BE 50 PERCENT HIGHER; (C) OBLIGATIONS ON THE PART OF EXPORTERS AS WELL AS IMPORTERS SHOULD BE BINDING; AND (D) ADJUSTMENTS IN THE PRICES EACH YEAR SHOULD BE OF A MARGINAL NATURE. INDIA ALSO SUGGESTED THAT

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 MTN GE 00693 03 OF 03 301958Z

A DUAL-MARKET SYSTEM BE SET UP TO ALLOW FOR DIFFERENTIATED TREATMENT OF LDC'S. UNDER THIS SYSTEM PRICES PAID BY IMPORTING LDC'S WOULD BE LOWER THAN PRICES PAID BY IMPORTING DC'S. INDIA ALSO SAID THAT IN ORDER TO SPEED UP WORK AND TO AVOID DUPLICATION, THE WORK IN THE IWC AND THE MTN SHOULD BE COMBINED IN GENEVA.

12. IN DISCUSSION OF FUTURE WORK, U.S. DEL STATED THAT U.S. HAS MADE AT ITS LAST MEETING A PROPOSAL IN CONNECTION WITH THE TOPIC OF LIBERALIZATION, AND THAT THE MAJORITY OF DELEGATIONS HAD AGREED TO GIVE IT FURTHER CONSIDERATION. U.S. DEL URGED ALL DELS TO REFLECT CAREFULLY ON THIS PROPOSAL SINCE IT DEALS WITH ALL THREE AREAS OF CONCERN TO THE GROUP, AND BE READY TO DISCUSS IT ALONG WITH THE OTHER PROPOSALS AT THE NEXT MEETING. EC AGREED THAT U.S. PROPOSAL BE ON THE AGENDA BUT IN GREATER DETAIL.

13. THE SUBGROUP AGREED TO MEET AGAIN THE WEEK OF MAY 24 AND TO USE THE INTERIM FOUR MONTH PERIOD FOR INFORMAL DISCUSSIONS AMONG ITS MEMBERS ON ISSUES THAT HAVE BEEN RAISED. IT WAS AGREED THAT THE NEXT MEETING WOULD BE DEVOTED TO THE COMPLETION OF THE EXAMINATION OF MTN/GR/W/8/REV. 1 (CROSS-EXAMINATION OF THE REMAINING COUNTRIES AND DISCUSSION OF NONCOMMERCIAL AND CREDIT SALES), AND THE CONTINUATION OF DISCUSSIONS OF THE PROPOSALS IN THE THREE CATEGORIES OF TOPICS: LIBERALIZATION, STABILIZATION AND THE INTERESTS OF LDC'S. WALKER

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: STR
Current Classification: UNCLASSIFIED
Concepts: POLICIES, LESS DEVELOPED COUNTRIES, MEETINGS, GRAINS, PREFERENTIAL TARIFFS
Control Number: n/a
Copy: SINGLE
Draft Date: 30 JAN 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: morefirh
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MTNGE00693
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760036-0410
From: MTN GENEVA
Handling Restrictions: n/a
Image Path:
ISecure: 2
Legacy Key: link1976/newtext/t1976015/aaaaadpz.tel
Line Count: 467
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 9
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 STATE 13448, 76 MTN GENEVA 8109
Review Action: RELEASED, APPROVED
Review Authority: morefirh
Review Comment: n/a
Review Content Flags:
Review Date: 05 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 APR 2004 by KelleyW0>; APPROVED <17 MAY 2004 by morefirh>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: LOCK1
Status: NATIVE
Subject: MTN SUBGROUP GRAINS - JANUARY 22-29 MEETING
TAGS: ETRD, US, MTN
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006